

Members of the General Law Committee;

Good Afternoon. My name is Joseph Wrinn. On behalf of the Connecticut Association of Realtors and the Society of Industrial and Office Realtors I'm here to speak about SB 270, An Act Concerning Commercial Real Estate Condition Reports.

For the past 27 years it has been my pleasure to exclusively represent hundreds of sellers and landlords, and thousands of buyers and tenants of non-residential real estate. While the intent of the property condition report may appear to be in the interest of the consumer and certainly provides some benefit in the residential realm it has no place in the commercial arena.

Commercial building systems are as complex as diverse. A bank or buyer would be very unlikely to rely on the "actual knowledge" of a seller related to those building systems in a seller generated disclosure report. Depending on the facility detailed reports of building systems and conditions are performed by professional roofers; electricians; plumbers; mechanical, structural and environmental engineers at substantial cost. The results of these investigations either lead to a deal or renegotiation. Environmental reports are often negotiated within the transaction as both the testing and remediation can be very expensive. There would be far more harm to the public in the state insinuating through this statute that any commercial buyer should rely on a seller's own knowledge in place of building system investigations or inspections.

Leasing transactions vary as much as the buildings they occupy. In a long term land lease the only conditions the tenant requires would be subsurface. Typically in a retail lease the tenant is provided a roof, structure, access to HVAC systems and sprinklers. The rest of the improvements would be their responsibility. Conversely an office tenant is often provided a turnkey build out. In either case the lease would spell out both the responsibilities of the landlord and tenant which are negotiated with the other terms of the deal.

It is difficult for me to recall any purchase or lease done by myself or colleagues where a commercial property condition report would have been any difference in site selection or negotiation. The issue is not consumer protection, these are commercial transactions. It would only create an unnecessary unbeneficial obstacle impeding deals in a difficult market.

Thank you for allowing me the time to address this issue.

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